



David N. Lund
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Community Development Commission County of Los Angeles

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Commissioners
Michael D. Antonovich
Chairman

Peter F. Schabarum
Kenneth Nahn
Edmund D. Edelman
Deane Dana

REQUEST FOR AUTHORITY TO ACCEPT SETTLEMENT FEES UNDER THE CONDOMINIUM CONVERSION ORDINANCE

EXECUTIVE SUMMARY

Request:

Authority to accept \$49,000 as settlement in the Housing Authority v. Cynthia Company case, and to accept similar settlements and execute appropriate documents.

Fiscal Impact:

\$49,000 in Condominium Conversion fees to the Housing Authority. No County General Funds used.

Issues:

- Condominium Conversion Ordinance adopted by Board in November 1979.
- Ordinance requires payment of fees to Housing Authority to provide replacement housing when existing rentals are converted to condominiums.
- Fee is set at 1 percent of sales price or 1 percent of assessed value if not sold within 18 months.
- On June 5, 1984, an enforcement program was authorized resulting in filing of lawsuits for uncollected fees.
- Authority to settle lawsuits is currently set at \$20,000; most recent settlement is for \$49,000, and future settlements may exceed the current \$20,000 authorized limit.

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June 4, 1987

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Hall of Administration
Los Angeles, California 90012

Dear Commissioners:

**REQUEST FOR AUTHORITY TO ACCEPT SETTLEMENT FEES
UNDER THE CONDOMINIUM CONVERSION ORDINANCE**

This is to request authority for the Executive Director of the Housing Authority to accept settlement fees under the Condominium Conversion Ordinance.

BACKGROUND

The Rental Housing Production fee was established by the Condominium Conversion Ordinance adopted by your Board in November 1979. It requires payment of a fee to the Housing Authority to provide replacement housing units when existing rentals are converted into condominiums. The fee is set at either 1 percent of the sales price of the condominium unit, or 1 percent of the assessed value if not sold within 18 months after final approval and recordation of a tract map.

On June 5, 1984, a program to enforce collection of the Rental Housing Production Fee was commenced pursuant to a Board recommendation of the Chief Administrative Officer and County Counsel. That program included the filing of lawsuits by the Housing Authority contract counsel whenever necessary to collect the fees.

Our contract counsel, Brown, Winfield & Canzoneri, undertook the preparation and filing of actions immediately to avoid loss under the Statute of Limitations. To date the program has been very successful, and the Housing Authority has made a gross recovery of \$528,900 with a net recovery of \$446,400.

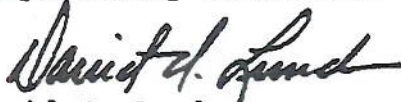
CURRENT ACTION REQUESTED

In settlement of these lawsuits we have relied upon recommendations of our contract counsel in conjunction with County Counsel. Under this arrangement authority is provided to settle lawsuits of up to \$20,000 in value. However, in our latest settlement, Housing Authority v. Cynthia Company, Los Angeles Superior Court Case No. C 564 526 (Tract Map No. 36372) the proposed settlement is for \$49,000. There also exists the possibility of future settlements exceeding the aforementioned \$20,000 limit.

IT IS, THEREFORE, RECOMMENDED THAT YOUR BOARD:

1. Authorize the Executive Director of the Housing Authority to accept \$49,000 as settlement in the Housing Authority v. Cynthia Company case; and
2. Delegate to the Executive Director authority to accept similar settlements and to execute appropriate documents when recommended by contract counsel in concurrence with County Counsel.

Respectfully submitted,



David N. Lund
Executive Director

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On motion of Supervisor Schabarum, seconded by Supervisor Antonovich, unanimously carried (Supervisor Hahn being absent), the foregoing was adopted.